



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

GRETCHEN WHITMER  
GOVERNOR

ROBERT GORDON  
DIRECTOR

August 13, 2019

Ms. Ann Routt, Executive Director  
Michigan Advocacy Program  
15 South Washington Street  
Ypsilanti, Michigan 48197

Dear Ms. Routt:

Attached is our final report from the Michigan Department of Health and Human Services (MDHHS) on-site audit of Michigan Advocacy Program's VOCA Crime Victim Assistance and Targeted Victim Services Grants for the periods October 1, 2016 through September 30, 2017 and January 1, 2017 through September 30, 2017, respectively.

The final report contains the following: Description of Agency, Funding Methodology, Purpose and Objectives, Scope and Methodology, Conclusions, Statement of Grant Program Revenues and Expenditures – Crime Victim, Statement of Grant Program Revenues and Expenditures – Targeted Victim, and Comment and Recommendation. The Conclusions are organized by audit objective. The Comment and Recommendation includes the agency's paraphrased response to the Preliminary Analysis.

Final reports are posted for public viewing on the MDHHS website at:  
[http://www.michigan.gov/mdhhs/0,5885,7-339-73970\\_43164-151236--,00.html](http://www.michigan.gov/mdhhs/0,5885,7-339-73970_43164-151236--,00.html).

Thank you for the cooperation extended throughout this audit.

Sincerely,

Shannah M. Havens, CPA, CISA  
Audit Section Manager  
Public Health and Community Services Programs Section  
Audit Division

Attachment

- c: Debra Hallenbeck, Director, Audit Division  
Debi Cain, Director, Division of Victim Services  
Crime Victim Services Commission Mailbox  
Patsy Baker, Departmental Manager, Division of Victim Services  
Karen Porter, Division of Victim Services  
Robert Haske, Senior Auditor, Public Health and Community Services Programs Section  
Emily Brown, Financial Officer, Michigan Advocacy Program  
Emily Miller, Project Director, Michigan Advocacy Program

# Audit Report

## Michigan Advocacy Program

Victims of Crime Act  
Victim Assistance Program  
Targeted Victim Program

October 1, 2016 – September 30, 2017



Bureau of Audit

Audit Division

August 2019

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## **DESCRIPTION OF AGENCY**

Michigan Advocacy Program (Agency) is organized as a non-profit agency under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Agency's administrative office is located in Ypsilanti, Michigan. The Agency operates under the legal supervision and control of its Board of Directors. The Agency's primary purpose is to provide free civil legal aid to 13 counties in south and central Michigan. In addition, the Agency provides administrative services to several statewide programs, including Crime Victims Legal Assistance Program.

## **FUNDING METHODOLOGY**

The Agency's Victim Assistance Program and Targeted Victim Program are funded from a grant program from the Michigan Department of Health and Human Services (MDHHS). MDHHS provided the Agency with monthly grant funding based on Financial Status Reports in accordance with the terms and conditions of the grant agreement and budget. The Victims of Crime Act (VOCA) Programs were funded by Federal funding under Federal catalog number 16.575.

## **PURPOSE AND OBJECTIVES**

The purpose of this audit was to assess the Agency's financial reporting and to determine the MDHHS shares of cost according to the agreement and program standards and regulations. The following were the specific objectives of the audit:

1. To assess the Agency's effectiveness and accuracy in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, Federal standards, program standards and generally accepted accounting principles.
2. To determine the MDHHS shares of cost in accordance with MDHHS requirements and agreements, Federal standards and program standards and any balance due to or due from the Agency.

## SCOPE AND METHODOLOGY

We examined the Agency's records and activities for the fiscal period October 1, 2016 through September 30, 2017. Our audit procedures included the following:

- Reviewed the Grant Agreement, Budget, Program Assurances, Trial Balance, and General Ledger.
- Reviewed policies to ensure they meet applicable requirements and guidelines.
- Reviewed the most recently completed Subrecipient Questionnaire.
- Reconciled the final VOCA Financial Status Reports (FSRs) and MDHHS payment schedule to the accounting records.
- Tested a selection of payroll and non-payroll expenditures for program compliance; and adherence to policies, Federal and program guidelines and approval procedures.
- Reviewed financial records to ensure supplanting of Federal awards did not occur.

Our audit did not include a review of program content or quality of services provided.

## CONCLUSIONS, FINDINGS, AND RECOMMENDATIONS

### FINANCIAL REPORTING

**Objective 1:** To assess the Agency's effectiveness and accuracy in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, Federal standards, program standards and generally accepted accounting principles.

**Conclusion:** The Agency was effective and accurate in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, Federal standards, program standards and generally accepted accounting principles.

### MDHHS SHARES OF COST AND BALANCE DUE

**Objective 2:** To determine the MDHHS shares of cost in accordance with MDHHS requirements and agreements, Federal standards and program standards and any balance due to or due from the Agency.

**Conclusion:** The MDHHS obligation for fiscal year ended September 30, 2017, total \$752,057 for the Crime Victim Assistance Grant and \$207,526 for the Targeted Victim Assistance Grant. The attached Statements of Grant Program Revenues and Expenditures show the budgeted, reported, and allowable costs. There were no adjustments as a result of this audit.

**Michigan Advocacy Program  
VOCA Crime Victim Assistance Grant  
Statement of Grant Program Revenues and Expenditures  
10/1/16 - 9/30/17**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDHHS Grant	\$ 939,104	\$ 752,507 <sup>1</sup>		\$ 752,507
Local Funds	\$ 176,645	\$ 139,864		\$ 139,864
Volunteer - Match	\$ 58,131	\$ 48,263		\$ 48,263
<b>TOTAL REVENUES</b>	<b>\$ 1,173,880</b>	<b>\$ 940,634</b>	<b>\$ -</b>	<b>\$ 940,634</b>
<b>EXPENDITURES:</b>				
Salary and Wages	\$ 787,943	\$ 657,633		\$ 657,633
Fringe Benefits	\$ 184,164	\$ 125,096		\$ 125,096
Volunteer Wages	\$ 54,000	\$ 44,833		\$ 44,833
Volunteer Fringe	\$ 4,131	\$ 3,430		\$ 3,430
Travel	\$ 36,884	\$ 25,459		\$ 25,459
Supplies and Materials	\$ 2,000	\$ 507		\$ 507
Contractual	\$ -	\$ -		\$ -
Equipment	\$ -	\$ -		\$ -
Other Expenses	\$ 11,790	\$ 7,391		\$ 7,391
Indirect Costs	\$ 92,968	\$ 76,285		\$ 76,285
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,173,880</b>	<b>\$ 940,634</b>	<b>\$ -</b>	<b>\$ 940,634</b>

<sup>1</sup> Actual MDHHS payments.

**Michigan Advocacy Program  
VOCA Targeted Victim Assistance Grant  
Statement of Grant Program Revenues and Expenditures  
1/1/17 - 9/30/17**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDHHS Grant	\$ 696,396	\$ 207,526 <sup>1</sup>		\$ 207,526
<b>TOTAL REVENUES</b>	\$ 696,396	\$ 207,526	\$ -	\$ 207,526
<b>EXPENDITURES:</b>				
Salary and Wages	\$ 445,065	\$ 144,301		\$ 144,301
Fringe Benefits	\$ 128,872	\$ 28,890		\$ 28,890
Volunteer Wages	\$ -	\$ -		\$ -
Volunteer Fringe	\$ -	\$ -		\$ -
Travel	\$ 48,750	\$ 11,586		\$ 11,586
Supplies and Materials	\$ 5,000	\$ 796		\$ 796
Contractual	\$ -	\$ -		\$ -
Equipment	\$ -	\$ -		\$ -
Other Expenses	\$ 5,400	\$ 3,087		\$ 3,087
Indirect Costs	\$ 63,309	\$ 18,866		\$ 18,866
<b>TOTAL EXPENDITURES</b>	\$ 696,396	\$ 207,526	\$ -	\$ 207,526

<sup>1</sup> Actual MDHHS payments.

## Comments and Recommendations

### 1. Lack of Written Cost Allowability Procedures

The Agency did not document procedures for determining allowability of costs.

Title 2 CFR 200.302(b)(7) requires, "Written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of this Part and the terms and conditions of the Federal award."

We recommend the Agency ensure its written procedures include the appropriate cost allowability determination procedures to ensure compliance with Federal regulation.

**Agency Response:** The Agency agrees with this comment and will update the Accounting Procedures Manual to reflect current practice and Federal regulation.

**Person Responsible**

**for Implementation:** Christine Robison, Chief Financial Officer

**Anticipated**

**Completion Date:** August 31, 2019